

WHY ESTABLISH A LOCAL HISTORIC DISTRICT?

Time, geography, people and events uniquely shape each community. It is the combination of the individual pieces—houses and yards, stores and public buildings, trees and sidewalks, streets and alleys—that form the community's overall character. The primary reason for establishing local historic districts is to manage how change occurs in a designated area to ensure that as much of the original character as possible remains intact. After all, changes that occur to one property can impact the property next door, the block, and ultimately the neighborhood overall. Local historic district designation provides communities with the legal tools to protect their local landmarks and architectural character.

Michigan's Local Historic District Act

In 1970 the Michigan legislature enacted Public Act 169 (PA 169), Michigan's *Local Historic Districts Act*. PA 169 declares historic preservation a public purpose to safeguard a community's heritage, strengthen local economies, stabilize and improve property values, foster civic beauty and promote history. The law enables local governments to adopt a historic district ordinance that contains design review guidelines based on national standards and to appoint a historic district commission to implement the ordinance. It is the responsibility of each community to decide which resources are significant to its history. Once a community has done so, PA 169 provides the process for preserving and protecting those resources and ensures that the law is fairly and equitably applied to all residents in Michigan's local historic districts.

The Benefits of Local Historic District Designation

Local historic districts provide a wide range of benefits to a community:

- **Legal Protection for Historic Resources** - Local historic district designation is one of the few means of providing legal protection for historic resources. By adopting a local historic district ordinance and designating a local historic district the community is requiring that work to the exterior of a resource, demolition, or new construction in the district be reviewed by the historic district commission before it is undertaken. This ensures that the work is sensitive to the original design and material of the resource.

People often think that listing a property in the National Register of Historic Places or Michigan's State Register of Historic Sites will protect it. This is not true. **Listing in the National and/or State Registers provides no protection for historic resources.** These are purely honorary designations—they place absolutely no restrictions on what property owners can do to a historic property. **Local historic district designation is one of the few ways to protect historic resources.**

- **Increased Property and Resale Values** – Think of the realtor's motto—location, location, location. Local historic district designation stabilizes neighborhoods by controlling demolition and inappropriate infill in the neighborhood and ensuring that the physical integrity of individual properties is retained. Thus, adopting a local historic district ordinance guarantees that a home's location remains desirable. Studies have shown that both property and resale values either remain the same, or more typically, increase in designated local historic districts and never decrease. Because local historic district designation creates a stable environment, it protects investments. As a result, homeowners are more willing to spend money on the upkeep of their homes and banks are more willing to make loans to property owners in designated districts.
- **Eligibility for Preservation Tax Incentives** - In 1999 the state of Michigan authorized a preservation tax incentive for residential property owners. The incentive provides

homeowners or long-term lessees with a 25 percent tax credit on qualified rehabilitations. For communities with a population of 5,000 or more, to qualify for the incentive a property must be a contributing resource in a locally designated historic district. The credit provides a significant financial benefit for the maintenance and rehabilitation of historic homes. It not only enables the restoration and preservation of a home's historic features; it can also be used for updating mechanical systems, such as heat and air conditioning systems, or for necessary repairs such as replacing a roof.

- **Promotes Economic Development** - Local historic district designation encourages the adaptive reuse of historic buildings and results in the return of underutilized buildings to the community's tax roles. Investment in one historic building commonly sparks investment in other historic buildings nearby. By reusing existing buildings and infrastructure, less municipal dollars are spent on the construction of new roads, sewer and water lines, and other utilities that support sprawl on the edge of town, and more funds can be redirected to traditional neighborhoods and downtowns.
- **Promotes Community Revitalization and Diversity** - The range of housing types, sizes, and costs within historic neighborhoods typically leads to greater diversity in the race, occupation, and education level of the people who live there. Preservation tax incentives encourage developers to adapt old buildings for housing opportunities that bring new populations downtown. Innovative rehabilitation projects include the conversion of schools into senior housing; second story space above retail shops into loft apartments; or factories, mills or warehouses to mixed-use residential/retail development.
- **Certified Local Government Program (CLG)** - Adopting a local historic district ordinance and appointing a historic district commission qualifies a local government (city, township or county) to apply for National Park Service certification. A CLG can apply for competitive matching grant funds to help implement preservation planning at the local level. The funds can be used for the identification and evaluation of historic resources, public education, planning, and rehabilitation projects.
- **Increased Tourism Revenue** – The tourism industry brings billions in revenue to Michigan annually. A 1998 study by the Travel Industry Association of America showed that visiting a historic site was the most popular cultural activity chosen by travelers. Heritage tourists spend \$688 per visit vs. \$425 spent by other tourists. A historic commercial and/or residential district can serve as a tourist destination or complement other attractions that exist in an area to bring increased tourism dollars to a community.
- **Local Job Creation** - When an existing building is rehabbed, up to 70 percent of the cost is for labor and that means more jobs for local workers. Typically, local laborers purchase their materials from local suppliers, unlike new construction projects where more of the dollars go out of state. Since 1971, historic property rehabilitation has created over 20,000 jobs and generated \$1.7 billion in direct and indirect economic impacts in Michigan. In addition, rehabilitated older buildings provide affordable rental spaces for small businesses that are responsible for 85 percent of the new jobs created in America.
- **A Better Quality of Life** - Traditional downtowns and neighborhoods with their trees, parks and sidewalks are walkable communities geared toward people and pedestrians rather than the automobile. Spending less time on roads traveling to restaurants, stores and services on the outskirts of town and spending more time interacting with friends and neighbors helps to increase a community's quality of life and fosters closer-knit communities.

Local historic district designation enables communities to preserve their unique character and use it to create their future.